

LITTLE WARRIORS
Financial Statements
Year Ended September 30, 2017

LITTLE WARRIORS
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Year Ended September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Little Warriors

Report on the Financial Statements

We have audited the accompanying financial statements of Little Warriors, which comprise the statement of financial position as at September 30, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

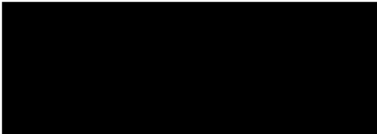
Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from donations was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to operations, assets or net assets.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Little Warriors as at September 30, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta
March 5, 2018



LITTLE WARRIORS
Statement of Financial Position
September 30, 2017

	2017	2016
ASSETS		
CURRENT		
Cash (Note 3)	\$ 2,186,425	\$ 857,090
Term deposits (Note 4)	768,317	762,733
Accounts receivable	63,273	129,233
Inventory	11,446	12,578
Prepaid expenses	11,742	16,093
	<u>3,041,203</u>	<u>1,777,727</u>
INTERNALLY RESTRICTED FUNDS (Note 4)	242,295	240,664
PROPERTY AND EQUIPMENT (Note 5)	<u>4,158,220</u>	<u>4,244,484</u>
	<u>\$ 7,441,718</u>	<u>\$ 6,262,875</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 82,015	\$ 91,771
Deferred contributions (Note 7)	<u>2,170,498</u>	<u>1,039,363</u>
	2,252,513	1,131,134
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 8)	<u>1,073,393</u>	<u>1,163,434</u>
	<u>3,325,906</u>	<u>2,294,568</u>
NET ASSETS		
Invested in property and equipment	3,084,827	3,081,050
Internally restricted (Note 4)	242,295	240,664
Unrestricted	<u>788,690</u>	<u>646,593</u>
	<u>4,115,812</u>	<u>3,968,307</u>
	<u>\$ 7,441,718</u>	<u>\$ 6,262,875</u>

APPROVED BY THE BOARD

Director

Director

LITTLE WARRIORS
Statement of Operations
Year Ended September 30, 2017

	2017	2016
REVENUE		
Donations	\$ 1,908,729	\$ 1,803,667
Other	323,195	417,978
Funds from other charities and foundations	228,652	176,814
Amortization of deferred contributions related to property and equipment	90,041	106,263
Prevent It! training and workshops	27,581	23,209
Interest	7,527	6,357
Rental	-	59,823
	<u>2,585,725</u>	<u>2,594,111</u>
EXPENSES		
Salaries and benefits	1,353,537	1,124,743
Contract labour	203,740	328,180
Ranch safety and security	183,097	234,675
Insurance	128,351	59,492
Amortization of property and equipment	101,801	113,977
Awareness campaign	95,794	123,889
Fundraising events	95,635	104,501
Telephone and utilities	56,606	53,256
Program meals	56,229	49,019
Repairs and maintenance	36,943	44,854
Program therapy supplies	34,651	50,528
Office	32,219	23,007
Training	17,080	31,860
Website maintenance	14,806	8,629
Interest and bank charges	12,093	11,887
Professional fees	7,118	16,465
Travel and automotive	4,636	10,615
Volunteer recognition	2,752	4,256
Merchandise	1,132	1,125
Rent	-	59,866
	<u>2,438,220</u>	<u>2,454,824</u>
REVENUE OVER EXPENSES	<u>\$ 147,505</u>	<u>\$ 139,287</u>

LITTLE WARRIORS**Statement of Changes in Net Assets****Year Ended September 30, 2017**

	Invested in Property and Equipment	Internally Restricted	Unrestricted	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 3,081,050	\$ 240,664	\$ 646,593	\$ 3,968,307	\$ 3,829,020
Transfer	-	1,631	(1,631)	-	-
Purchase of property and equipment	15,537	-	(15,537)	-	-
Revenue over (under) expenses	(11,760)	-	159,265	147,505	139,287
NET ASSETS - END OF YEAR	\$ 3,084,827	\$ 242,295	\$ 788,690	\$ 4,115,812	\$ 3,968,307

LITTLE WARRIORS
Statement of Cash Flows
Year Ended September 30, 2017

	2017	2016
OPERATING ACTIVITIES		
Revenue over expenses	\$ 147,505	\$ 139,287
Items not affecting cash:		
Amortization of deferred contributions related to property and equipment	(90,041)	(106,263)
Amortization of property and equipment	101,801	113,977
	<u>159,265</u>	<u>147,001</u>
Changes in non-cash working capital (<i>Note 10</i>)	1,192,822	39,046
	<u>1,352,087</u>	<u>186,047</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(15,537)	(74,575)
Transfer to internally restricted fund	(1,631)	(8,125)
	<u>(17,168)</u>	<u>(82,700)</u>
FINANCING ACTIVITY		
Deferred contributions for the purchase of property and equipment	-	1,279
	<u>1,334,919</u>	<u>104,626</u>
INCREASE IN CASH	1,334,919	104,626
Cash and term deposits - beginning of year	<u>1,619,823</u>	<u>1,515,197</u>
CASH AND TERM DEPOSITS - END OF YEAR	\$ 2,954,742	\$ 1,619,823
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 7,527</u>	<u>\$ 6,357</u>
CASH CONSISTS OF		
Cash	\$ 2,186,425	\$ 857,090
Term deposits	<u>768,317</u>	<u>762,733</u>
	<u>\$ 2,954,742</u>	<u>\$ 1,619,823</u>

LITTLE WARRIORS
Notes to Financial Statements
Year Ended September 30, 2017

1. NATURE OF OPERATIONS

Little Warriors is a charitable organization incorporated under the Societies Act (Alberta). The Society educates adults about how to prevent, recognize and react responsibly to child sexual abuse. Little Warriors also provides information about the prevalence and frequency of child sexual abuse and information about healing and support resources. The Society operates a large multi-discipline treatment centre [REDACTED] is a residential ranch style treatment centre designed for children and youth who are the victims of sexual abuse. The Society is a registered charity under the Income Tax Act and, as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and term deposits

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date. Term deposits consist of cashable term deposits.

Inventory

Inventory is valued at the lower of cost and net realizable value.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives using the declining balance method at the following rates:

Buildings	4%
Furniture and fixtures	17.5%
Automotive equipment	30%
Computer equipment	30%
Computer software	50%
Tools and equipment	20%

The Society regularly reviews its property and equipment to eliminate obsolete items.

Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease; all other leases are accounted for as operating leases. At the time the Society enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

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LITTLE WARRIORS

Notes to Financial Statements

Year Ended September 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

The Society is largely dependant on donated services of its many volunteers. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials and facilities

Contributed materials and facilities without readily available market values are not recognized in the financial statements.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Contributions, including operating grants, are included in revenue in the year in which they are received or receivable, with the exception that contributions to fund a specific future period's expenses are included in revenue in that later period. Grants received for the acquisition of property and equipment are deferred and amortized to revenue on the same basis as the related property and equipment.

Prevent It! training and workshops revenue is recognized as services are performed and collection is reasonably assured.

Merchandise sales are recognized when the goods are provided and collection is reasonably assured.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant estimates include amortization of property and equipment, accrued liabilities, deferred contributions and deferred contributions related to property and equipment. By their nature, these estimate are subject to measurement uncertainty and actual results could differ.

3. RESTRICTED CASH

Cash includes \$31,565 (2016--\$47,182) in casino proceeds and \$67 (2016--\$103) in raffle funds which can only be used for programming and rent in accordance with the licensing agreement with the Alberta Gaming and Liquor Commission.

LITTLE WARRIORS
Notes to Financial Statements
Year Ended September 30, 2017

4. TERM DEPOSITS

	<u>2017</u>	<u>2016</u>
Cashable term deposit, maturity date July 19, 2018, interest rate at 1.0%.	\$ 768,317	\$ -
Cashable term deposit, maturity date July 19, 2018, interest rate at 1.0%.	242,295	-
Cashable term deposit, maturity date March 17, 2017, interest rate at 0.5%.	-	508,786
Cashable term deposits, maturity date March 12, 2017, interest rate at 0.5%.	-	240,664
Cashable term deposits, maturity date October 1, 2016, interest rate at 0.5%.	-	202,200
Cashable term deposits, maturity date March 12, 2017, interest rate at 0.5%.	-	51,747
	<u>1,010,612</u>	<u>1,003,397</u>
Subtotal	<u>(242,295)</u>	<u>(240,664)</u>
Less amounts internally restricted		
	<u>\$ 768,317</u>	<u>\$ 762,733</u>

The Board of Directors transferred \$232,539 to an internally restricted fund in 2012 in order to secure the Society's future financial stability. The purpose of the internally restricted fund is to provide for the future cost of ongoing programs in the event of an unanticipated loss of funding. During the year, an additional \$1,631 (2016--\$8,125) was transferred to the fund. The \$242,295 (\$240,664--2016) is held in cashable term deposits and funds can only be used with Board approval.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 2,900,000	\$ -	\$ 2,900,000	\$ 2,900,000
Buildings	1,136,372	141,640	994,732	1,033,903
Furniture and fixtures	442,954	218,234	224,720	270,973
Automotive equipment	73,414	47,649	25,765	27,324
Computer equipment	24,724	18,644	6,080	3,564
Computer software	14,371	14,283	88	177
Tools and equipment	12,629	5,794	6,835	8,543
	<u>\$ 4,604,464</u>	<u>\$ 446,244</u>	<u>\$ 4,158,220</u>	<u>\$ 4,244,484</u>

LITTLE WARRIORS
Notes to Financial Statements
Year Ended September 30, 2017

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the following:

	<u>2017</u>	<u>2016</u>
Accounts payable	\$ 46,225	\$ 68,701
Vacation payable	24,629	16,491
Accrued liabilities	11,161	6,579
	<u>\$ 82,015</u>	<u>\$ 91,771</u>

7. DEFERRED CONTRIBUTIONS

A portion of receipts received in the year are deferred to be recognized as revenue in future years as the related expenses are incurred.

Deferred contributions consist of the following:

	<u>2017</u>	<u>2016</u>
Restricted donations - Be Brave Ranch	\$ 2,138,933	\$ 988,934
Casino proceeds	31,565	47,182
Rental deposit	-	3,247
Total deferred contributions	<u>\$ 2,170,498</u>	<u>\$ 1,039,363</u>

Deferred contributions related to the [REDACTED] are restricted for the development and construction of the [REDACTED].

8. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

Deferred contributions related to property and equipment represent contributions received to fund the cost of property and equipment additions. The change in deferred contributions related to property and equipment for the year are as follows:

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	\$ 1,163,434	\$ 1,268,418
Contributions	-	1,279
Less amounts amortized	(90,041)	(106,263)
Balance at end of year	<u>\$ 1,073,393</u>	<u>\$ 1,163,434</u>

LITTLE WARRIORS

Notes to Financial Statements

Year Ended September 30, 2017

9. RELATED PARTY TRANSACTIONS

The Society paid \$97,634 (2016--\$98,115) to a company controlled by a current Director of the Society. Funds expended were included in the awareness campaign \$82,026 (2016--\$98,115) and fundraising expenses \$15,608 (2016-\$0).

Accounts payable includes \$6,866 (2016--\$6,880) payable to a company controlled by a current Director of the Society.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. CHANGES IN NON-CASH WORKING CAPITAL

Changes in non-cash working capital items and their effect of increasing (decreasing) cash are as follows:

	<u>2017</u>	<u>2016</u>
Accounts receivable	\$ 65,960	\$ 55,724
Inventory	1,132	1,125
Prepaid expenses	4,354	2,270
Accounts payable and accrued liabilities	(9,759)	(395)
Deferred contributions	<u>1,131,135</u>	<u>(19,678)</u>
	<u>\$ 1,192,822</u>	<u>\$ 39,046</u>

11. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, term deposits, accounts receivable and accounts payable and accrued liabilities.

The Society is exposed to the following risks through its financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to accounts receivable. Accounts receivable are generally amounts due from donors and funders. It is management's opinion that there is no significant credit risk as of September 30, 2017.

Liquidity risk

Liquidity risk arises from the possibility that the Society might encounter difficulty in settling its debts or in meeting its obligations related to financial liabilities. It is management's opinion that there is no significant liquidity risk as of September 30, 2017.

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LITTLE WARRIORS

Notes to Financial Statements

Year Ended September 30, 2017

11. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk arising on its interest bearing assets.
